

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

**UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO ASSOCIATION OF ALTERNATE POSTAL SYSTEMS WITNESS WHITE
(USPS/AAPS-T1—13-25)**

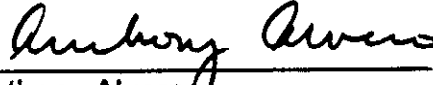
Pursuant to rules 25 and 26 of the Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Alliance of Alternate Postal Systems witness White: USPS/AAPS-T1—13-X.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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June 19, 2000

USPS/AAPS-T1—13. Who, or what entity, owns Distribution Systems of Oklahoma?

USPS/AAPS-T1-14. Please provide a list of the members of AAPS.

USPS/AAPS-T1-15. Please provide the per-piece rates that would be charged by Distribution Systems of Oklahoma for the following distributions:

- a. Delivery of a 4-ounce advertising piece (that would qualify for saturation Standard Mail (A)) to all 282,000 houses in your service area.
- b. Delivery of a 5-ounce advertising piece (that would qualify for saturation Standard Mail (A)) to all 282,000 houses in your service area.
- c. Delivery of a 6-ounce advertising piece (that would qualify for saturation Standard Mail (A)) to all 282,000 houses in your service area.
- d. Delivery of a 4-ounce advertising piece (that would qualify for saturation Standard Mail (A)) to 10,000 houses in your service area.
- e. Delivery of a 5-ounce advertising piece (that would qualify for saturation Standard Mail (A)) to 10,000 houses in your service area.
- f. Delivery of a 6-ounce advertising piece (that would qualify for saturation Standard Mail (A)) to 10,000 houses in your service area.

USPS/AAPS-T1-16. For each rate identified in USPS/AAPS-T1-15 (a) through (f), state whether or not the rate can be negotiated with customers, or whether the rate is uniform for all customers. If rates for any categories are not uniform, provide the range of rates for each category.

USPS/AAPS-T1-17. Please see your testimony at page 25, line 21, where you mention your "carriers".

- a. Please explain the nature of the relationship between Distribution Systems of Oklahoma and the carriers. For example, are they employees, or subcontractors, or both? If both, what percentage, roughly, of pieces are delivered by employees of DSO?
- b. How are the carriers compensated? For example, are they paid an hourly wage? If so, provide the average hourly wage paid. Or are they paid on a per-piece basis? If so, provide the per-piece compensation they receive for the delivery of i) saturation advertising pieces, ii) phone books, iii) address specific newspapers, and iv) doorhangers.
- c. State whether and how compensation to carriers varies according to the weight of the piece delivered.

USPS/AAPS-T1-18. Please see your testimony at page 5, line 8, where you state that you "wonder when it's our turn" to file a rate case.

- a. Are you referring to a rate case that would involve Postal Service rates?

- b. Please confirm that, if the market situation dictates or otherwise allows, you are free to increase or decrease the rates you charge for delivery, and that these rates can vary by customer. If you cannot confirm, please explain.

USPS/AAPS-T1-19. Please see your testimony at page 26, lines 1-3 where you state that "you can't say what the effect of weight on costs actually is..."

- a. Are you referring to the costs the Postal Service incurs as weight increases?
- b. What is the effect of weight increases on your costs? What studies and analyses support your conclusion? Please identify the studies by title, author, and date and provide copies.

USPS/AAPS-T1-20. Please see your response to USPS/AAPS-T1-1(a).

- a) What is a "fair and appropriate share of the product" that you should be able to obtain?
- b) Of what market share information are you privy with regard to products competing with Standard Mail (A)? Please identify such information by title, author, and date.
- c) Provide a copy of each document identified in subpart (b).

USPS/AAPS-T1-21. USPS Please see your response to USPS/AAPS-T1-3(b). Is it your belief that the proposed rate increase for Periodicals, which is based on a markup of less than 2%, is an effort by the Postal Service to exact an inappropriate amount of revenue from mail for which competition has been "eliminated"? Please explain your response.

USPS/AAPS-T1-22. Please see your response to USPS/AAPS-T1-5(g). Define the "alternatives" to a "strict pound rate."

USPS/AAPS-T1-23. Please see your response to USPS/AAPS-T1-7(a) where you state that the market will become "less competitive" if the pound rate is lowered. In your opinion, what would happen to the level of competitiveness if the pound rate were increased?

USPS/AAPS-T1-24. Please see your response to USPS/AAPS-T1-9(b) where you state that you have been driven out of the light weight market.

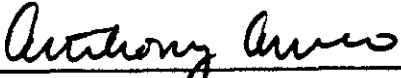
- a. Would a higher per-piece rate increase the level of competition for lighter-weight pieces? Why or why not?
- b. Please confirm that, all else equal, a lower pound rate leads to a higher per-piece rate. If you cannot confirm, please explain.

USPS/AAPS-T1-25. Please see your response to USPS/AAPS-T1-10(d), where you state your doubt as to whether criterion (b)(4) is relevant in Periodicals since there is "really no competition at this time for periodical delivery..." If delivery of advertising were to become similarly lacking in competition, would it then be

appropriate for the Commission to recommend a lower cost coverage for ECR?
Please explain your response.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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